# Inspector General
## United States
## Department *of* Defense

Identification of Classified Information in Unclassified DoD Systems During the Audit of Internal Controls and Data Reliability in the Deployable Disbursing System

# Report Documentation Page

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INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

February 17, 2009

MEMORANDUM FOR ASSISTANT DEPUTY COMMANDANT, PROGRAMS AND
RESOURCES DEPARTMENT; AND FISCAL DIRECTOR
OF THE UNITED STATES MARINE CORPS
COMMANDER, U.S. CENTRAL COMMAND
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING
SERVICE

SUBJECT: Report on the Identification of Classified Information in Unclassified DoD
Systems During the Audit of Internal Controls and Data Reliability in the
Deployable Disbursing System (Report No. D-2009-054)

We are providing this report for information and use. We considered
management comments on a draft of this report in preparing the final report. Comments
provided by the Assistant Deputy Commandant, Programs and Resources Department;
and the Fiscal Director of the U.S. Marine Corps conformed to the requirements of DoD
Directive 7650.3; therefore, additional comments are not required. See Attachment 2 for
management comments.

This is the first in a series of reports on our audit of Internal Controls and Data
Reliability in the Deployable Disbursing System (DDS). The audit objective is to
determine whether the internal controls over transactions processed through DDS are
adequate to ensure the reliability of the data processed. The audit series will include
financial information processed by disbursing stations supporting the Global War on
Terror, as well as the recording of related obligations. We are issuing this report because
we have determined that the U.S. Marine Corps (USMC) has processed disbursement
transactions that contain classified information into unclassified DoD systems. See
Attachment 1 for the audit scope and methodology.

## Background

The DDS and the Electronic Document Access/Voucher Processing System
(EDA/VPS) capture disbursement information and documentation for commercial and
miscellaneous payments processed by the USMC disbursing stations supporting the
Global War on Terror. The Defense Finance and Accounting Service (DFAS) developed
DDS to fulfill the need for a military tactical disbursing system to account for Treasury
funds entrusted to disbursing agents on the battlefield and provide timely reporting of
accounting and pay information. DDS is used for a variety of disbursing office functions,
including travel pay, military pay, accounts payable, disbursing and collection processes,
and reporting. During FY 2006 and FY 2007, DDS processed in excess of
9,600 commercial and miscellaneous payments for more than $310 million. DDS feeds
disbursement data to EDA/VPS, which provides access to documents used to support the

procurement, contract administration, bill paying, and accounting processes.  Because DDS and EDA/VPS are unclassified systems, these systems should not contain classified information.

DoD 5200.1-R, "DoD Information Security Program," January 1997, prescribes procedures for implementing Executive Order 12958, "Classified National Security Information," April 20, 1995, within DoD.  DoD 5200.1-R, "DoD Information Security Program," January 1997, establishes the DoD Information Security Program to promote proper and effective classification, protection, and downgrading of official information requiring protection in the interest of the national security.

U.S. Central Command (USCENTCOM) Security Classification Guide 0501, dated June 9, 2005, implements the requirements of Executive Order 12958 for USCENTCOM.  The USCENTCOM Security Classification Guide 0501 establishes the basic policies for proper classification, downgrading, and declassification of information related to operations, facilities, communications, data collection, and processing.  Personnel involved in USCENTCOM activities use the USCENTCOM Security Classification Guide 0501 to determine the levels of security classification assigned to information, systems, programs, or projects associated with USCENTCOM, including information processed by disbursing stations supporting the Global War on Terror.

## Results

The USMC entered classified information into two unclassified DoD systems, DDS and EDA/VPS.  This occurred because the USMC had not developed a policy to ensure that finance personnel were adequately aware of classification guidelines contained in the USCENTCOM Security Classification Guide.  In addition, the USMC had not taken adequate measures to remove existing classified information from these systems.  The unauthorized disclosure of classified information in unclassified systems, such as DDS and EDA/VPS, could place unsuspecting warfighters or trusted foreign officials in harm's way and cause damage to national security.

We identified 2 disbursement vouchers containing supporting documentation marked with a classification and 31 disbursement vouchers containing unmarked sensitive information.  We provided 32 of the 33 disbursement vouchers to the DFAS Corporate Security Office to secure them and to make a classification determination.  They confirmed that one of the two marked disbursement vouchers the USMC incorporated into EDA/VPS contained marked classified information.  The USMC removed the second of the two marked disbursement vouchers from EDA/VPS.  The DFAS Corporate Security Office also confirmed that the USMC should classify the 31 documents containing unmarked sensitive information that came from EDA/VPS; therefore, the vouchers should be removed from the system.  DFAS ultimately shut the system down to remove the remaining identified classified information on November 6, 2008.

DDS data from four disbursement vouchers contained classified information in the "Payee's Name and Address" and in the "Payee" fields. The USMC personnel entered this information into DDS.

On October 15, 2008, we informed USMC Disbursing, Operations and Systems Section personnel that disbursement vouchers containing unmarked classified information existed in EDA/VPS. They informed us that the USMC had been alerted in June 2008 to the issue of marked, classified information being included in EDA/VPS.

As a result, the USMC had taken steps to remove the classified information posted in EDA/VPS by reviewing the vouchers marked with a classification. However, they had not reviewed EDA/VPS for sensitive information that did not contain any classification markings.

On October 20, 2008, we provided the USMC Disbursing, Operations and Systems Section information regarding vouchers in EDA/VPS that contained sensitive information requiring classification and removal from EDA/VPS. As of December 3, 2008, DFAS had reviewed EDA/VPS and removed 31 of the 32 vouchers we provided to DFAS, Corporate Security Office. However, to prevent the USMC from entering additional classified information into DDS or scanned into EDA/VPS, it should develop a policy to ensure that finance personnel can identify classified information and remove it before entering it into unclassified systems. Because of the potential exposure of classified information, the USMC should take immediate action to implement the following recommendations.

## Management Actions

As a result of this audit, DFAS and USMC have taken corrective actions to identify and remove classified information from EDA/VPS and DDS. In addition, the USMC has issued policy on identifying and processing classified transactions and supporting documentation. On December 17, 2008, DFAS completed a review of all USMC disbursement vouchers within EDA/VPS and removed 4 marked with a classification and 178 unmarked classified vouchers. On December 17, 2008, the USMC completed a preliminary inquiry to determine whether classified information was compromised because of the lack of classification labels on vouchers. On January 7, 2009, the USMC issued a policy memorandum for identifying and processing classified information.

## Recommendations, Management Comments, and Audit Response

We recommend that the Assistant Deputy Commandant, Programs and Resources Department; and the Fiscal Director of the U.S. Marine Corps:

1. **Develop policy for finance personnel on identifying and processing classified transactions and supporting documentation.**

**Management Comments.** The U.S. Marine Corps agreed and provided policy for identifying and processing classified information. The U.S. Marine Corps issued Marine Administrative Message 0004/09, "Classified Payments in Support of Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF)", dated January 7, 2009, in order to establish procedures and ensure compliance with DoD, U.S. Central Command, and U.S. Marine Corps guidance.

**Audit Response.** Management's comments are responsive to the recommendation and no further comments are required.

2.  **Determine which Deployable Disbursing System disbursement transactions contain classified information and remove the transactions from the system.**

**Management Comments.** The U.S. Marine Corps agreed and stated that they had performed a review of U.S. Marine Corps vouchers to remove classified information from the system.

**Audit Response.** Management's comments are responsive to the recommendation and no further comments are required.

   Comments on the draft of this report conformed to the requirements of DoD Directive 7650.3 and resolved the issues. Therefore, we do not require any additional comments.

   We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 601-5868 (DSN 664-5868).

*Patricia A. Marsh*
Patricia A. Marsh, CPA
Assistant Inspector General
Defense Business Operations

Attachments:
As stated

# Scope and Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions, based on our audit objectives.

This is the first in a series of reports on our audit of Internal Controls and Data Reliability in the DDS. During FY 2006 and FY 2007, DDS processed in excess of 9,600 commercial and miscellaneous payments for more than $310 million. We evaluated the FY 2006 and FY 2007 commercial and miscellaneous payment voucher data and the archived data that the USMC entered into DDS, the interface of this data into EDA/VPS, and the supporting documentation that the USMC scanned and posted into EDA/VPS. We applied the classification guidelines contained in USCENTCOM Security Classification Guide 0501 and reviewed a judgmental sample of DDS data and EDA/VPS documentation to determine whether these systems contained classified information. As a result, we determined that the USMC had processed disbursement transactions that contain classified information. We also discussed the USMC security policies and DDS processing with USMC financial personnel.

## Review of Internal Controls

We did not review the USMC management control program as part of this review. We will address the USMC management control program in a report on Internal Controls and Data Reliability in the DDS (Project No. D2007-D000FL-0252.001).

## Use of Computer-Processed Data

We relied upon computer-processed data obtained from DDS to perform this audit. We performed a reliability assessment of computer-processed data out of DDS, which we will address in the audit, "Internal Controls and Data Reliability in the DDS" (Project No. D2007-D000FL-0252.001). The reliability of the data from DDS did not affect the results of the audit. We also relied upon data from EDA/VPS system. We did not assess the reliability of the system because we limited our use of the data to view vouchers for sensitive information. However, not assessing the reliability of EDA/VPS, did not affect the results of the audit.

## Use of Technical Assistance

We consulted with DFAS and DoD OIG security officials.

## Prior Audit Coverage

During the past five years there have been no reports issued regarding classified information processed by DDS.

# United States Marine Corps Comments

**DEPARTMENT OF THE NAVY**
HEADQUARTERS UNITED STATES MARINE CORPS
3000 MARINE CORPS PENTAGON
WASHINGTON, DC 20350-3000

IN REPLY REFER TO:
7FL-0252
RFR-80
15 Jan 09

MEMORANDUM FOR DEPARTMENT OF DEFENSE OFFICE OF THE ASSISTANT
INSPECTOR GENERAL FOR AUDITING, DEFENSE
BUSINESS OPERATIONS

Subj:   Department of Defense Inspector General Draft Report
D-2007-D000FL-0252.000, "Draft Report on the
Identification of Classified Information in Unclassified
DOD Systems During the Audit of Internal Controls and
Data Reliability in the Deployable Disbursing System,"
dated December 17, 2008

Ref:    (a) DODIG memorandum of December 17, 2008

Encl:   (1) Marine Corps comments

1.  In accordance with reference (a), the Marine Corps has
reviewed the subject draft report and provides comments at the
enclosure.

2.  Points of contact for this matter are Mr. Michael Spahalski,
email michael.spahalski@usmc.mil or phone (816) 926-6917; or
Mr. Charles Keith Dove, email charles.dove@usmc.mil or phone
(703) 614-4500.

CHARLES E. COOK III
Assistant Deputy Commandant
for Programs and Resources (Fiscal)

Attachment 2

Department of Defense Inspector General Draft Report
D-2007-D000FL-0252.000, "Draft Report on the
Identification of Classified Information in Unclassified
DOD Systems During the Audit of Internal Controls and
Data Reliability in the Deployable Disbursing System,"
dated September 25, 2008

1.   The Marine Corps reviewed the draft report and provides the following comments:

Recommendation 1.  DODIG recommends that the Assistant Deputy Commandant, Programs and Resources; and the Fiscal Director of the Marine Corps develop policy for finance personnel on identifying and processing classified transactions and supporting documentation.

Marine Corps Response: Concur.  The Marine Corps developed and published the accompanying Marine Administrative Message (MARADMIN) 0004/09 for identifying and processing classified transactions and supporting documentation.

Recommendation 2.  DODIG recommends that the Assistant Deputy Commandant, Programs and Resources; and the Fiscal Director of the Marine Corps determine which Deployable Disbursing System disbursement transactions contain classified information and remove the transactions from the system.

Marine Corps Response:  Concur.  A review was performed on Marine Corps vouchers.  Vouchers containing classified information were removed from the system.  Voucher originating Disbursing Offices were notified so proper handling and retention of on-site vouchers could be conducted.

Encl (1)

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Data Reliability in the Deployable Disbursing System,"
dated September 25, 2008

Date Signed: 1/7/2009
MARADMIN Number: 0004/09
R 070041Z JAN 09
UNCLASSIFIED//
MARADMIN 0004/09
MSGID/GENADMIN/CMC WASHINGTON DC PR RFF//
SUBJ/CLASSIFIED PAYMENTS IN SUPPORT OF OPERATION IRAQI FREEDOM (OIF)
AND OPERATION ENDURING FREEDOM (OEF)//
REF/A/USMC/MCO P5510.18A/3 FEB 00//
REF/B/USCENTCOM/REGULATION NUMBER 380-14/9 JUN 05//
REF/C/OUSD/DODFMR VOLUME 5/2 FEB 05//
REF/D/OUSD/DODFMR VOLUME 10/2 DEC 08//
NARR/REF A IS THE MARINE CORPS INFORMATION AND PERSONNEL SECURITY
PROGRAM (IPSP) MANUAL. REF B IS THE US CENTCOM SECURITY
CLASSIFICATION GUIDE. REF C IS THE DEPARTMENT OF DEFENSE FINANCIAL
MANAGEMENT REGULATION GOVERNING DISBURSING POLICY AND
PROCEDURES. REF D IS THE DEPARTMENT OF DEFENSE FINANCIAL
MANAGEMENT REGULATION GOVERNING CONTRACT PAYMENT POLICY AND
PROCEDURES//
POC/CWO5 JOHN ADAMS/CMC PR RFF MCDOSS/DSN 465-6919/COMM 816-926-6919/
EMAIL:JOHN.M.ADAMS@USMC.MIL//
GENTEXT/REMARKS/1. IN ORDER TO ESTABLISH UNIFORM PROCEDURES AND
ENSURE COMPLIANCE WITH THE REFERENCES, THE FOLLOWING POLICY IS
ESTABLISHED FOR PROCESSING CLASSIFIED PAYMENTS IN SUPPORT OF OIF/OEF.
2. COMMANDING OFFICERS IN THE USCENTCOM AO WILL ESTABLISH
PROCEDURES TO ENSURE THAT ALL PAYMENT DOCUMENTATION SUBMITTED TO
THE DISBURSING OFFICER INCLUDES THE APPROPRIATE SECURITY
CLASSIFICATION AS OUTLINED IN REFERENCES (A)  AND (B). PAYMENT
DOCUMENTATION CLASSIFIED SECRET OR HIGHER, WILL BE PROCESSED AS
FOLLOWS:
  A. UNITS WILL UTILIZE THE SF 44 OR THE SF 1034 AS THE SOURCE DOCUMENT
FOR CLASSIFIED PAYMENTS AT THE UNIT LEVEL. CLASSIFICATION WILL BE
INDICATED AT THE TOP AND BOTTOM OF ALL SOURCE DOCUMENTS.
  B. THE CLASSIFIED SOURCE DOCUMENT WILL AT A MINIMUM CONTAIN THE
NAME OF THE PAYEE, THE DESCRIPTION OF THE PAYMENT, AMOUNT OF
PAYMENT, AND THE APPROPRIATE LINE OF ACCOUNTING.
  C. THE CLASSIFIED SOURCE DOCUMENT MUST ALSO BE CERTIFIED BY A
PROPERLY DESIGNATED CERTIFYING OFFICER AS REQUIRED BY31 U.S.C. 3325
AND REFERENCE (C). UNIT PAYING AGENTS MAY NOT BE APPOINTED AS
CERTIFYING OFFICERS.
  D. IF PAYMENT IS MADE IN CASH AT THE UNIT LEVEL BY A UNIT PAYING
AGENT, THE CLASSIFIED SOURCE DOCUMENT MUST CONTAIN THE SIGNATURE
OF THE PAYING AGENT MAKING THE PAYMENT, THE SIGNATURE OF THE PAYEE

Encl (1)

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dated September 25, 2008

ACKNOWLEDGING RECEIPT FOR THE CASH, AND DATE OF PAYMENT. IF THE PAYEE IS UNABLE TO SIGN, THE PAYMENT WILL BE WITNESSED AS OUTLINED IN REFERENCE (C). THE WITNESS WILL INCLUDE THEIR NAME, CONTACT INFORMATION, AND SIGNATURE AS A WITNESS ON THE CLASSIFIED SOURCE DOCUMENT.

E. PER REFERENCES (C) AND (D), UNITS WILL PREPARE A DD FORM 281 AS AN UNCLASSIFIED COVER VOUCHER FOR CLASSIFIED PAYMENTS MADE AT THE UNIT LEVEL. THIS FORM MAY BE USED TO COVER MULTIPLE CLASSIFIED PAYMENTS. THE DD FORM 281 WILL BE COMPLETED AS FOLLOWS:

1. BLOCKS 1 AND 2 RESERVED FOR USE BY DISBURSING
2. BLOCK 3 UNIT NAME
3. BLOCK 4 DATE
4. BLOCK 5 RESERVED FOR USE BY DISBURSING
5. BLOCK 6 REFERENCE NUMBER(S) TO LINK CLASSIFIED SOURCE DOCUMENTS WITH UNCLASSIFIED COVER VOUCHER. DO NOT INCLUDE PAYEE'S ACTUAL INFORMATION. REFERENCE NUMBER(S) MUST BE INCLUDED ON THE CLASSIFIED SOURCE DOCUMENT.
6. BLOCK 7 UNIT ADDRESS
7. BLOCK 8A INCLUSIVE DATES OF CLASSIFIED SOURCE DOCUMENTS OR PAYMENTS COVERED BY THE DD FORM 281.
8. BLOCK 8B LINE OF ACCOUNTING
9. BLOCK 8C AMOUNT
10. BLOCK 9 UNIT PAYING AGENT INFORMATION AND SIGNATURE. DISREGARD REFERENCE TO PAYEE.
11. BLOCK 10 CERTIFYING OFFICER INFORMATION AND SIGNATURE.
12. BLOCK 11 OPTIONAL ADDITIONAL UNIT APPROVAL.
13. BLOCK 12 NOT APPLICABLE.

F. UNITS WILL SUBMIT THE UNCLASSIFIED COVER VOUCHER TO THE DIBURSING OFFICER FOR PROCESSING.

G. CLASSIFIED SOURCE DOCUMENTS MUST BE RETAINED BY THE UNIT FOR 6 YEARS AND 3 MONTHS OR UNTIL DECLASSIFIED, WHICH EVER OCCURS LATER.

3. DISBURSING OFFICERS SUPPORTING THE USCENTCOM AO WILL ESTABLISH PROCEDURES TO ENSURE THAT ALL PAYMENT DOCUMENTATION RECEIVED INCLUDES THE APPROPRIATE SECURITY CLASSIFICATION. UPON RECEIPT OF A CLASSIFIED PAYMENT PACKAGE THE DISBURSING OFFICER WILL ADHERE TO THE FOLLOWING REQUIREMENTS:

A. DO NOT RETAIN, SCAN, OR UPLOAD INTO DDS OR EDA ANY CLASSIFIED INFORMATION OR SOURCE DOCUMENTS.

B. ADVISE THE UNIT THAT THEY ARE REQUIRED TO RETAIN CLASSIFIED SOURCE DOCUMENTS SUPPORTING PAYMENTS FOR 6 YEARS AND 3 MONTHS AS OUTLINED IN REFERENCE (C).

C. PROCESS THE UNCLASSIFIED DD FORM 281 AS THE SOURCE DOCUMENT FOR PAYMENT UNDER A DDS GENERATED SF 1034. PER REFERENCE (C), THE SF 1034

Encl (1)

Attachment 2

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dated September 25, 2008

MUST INCLUDE THE APPROPRIATE STATEMENT THAT THE SOURCE DOCUMENTS
WERE RETAINED BY THE UNIT AND CITE THIS MARADMIN AS REFERENCE. NO
CLASSIFIED INFORMATION WILL BE REFLECTED ON THE DDS GENERATED SF
1034. THE REFERENCE NUMBER(S) WILL BE THE ONLY THING INCLUDED ON THE
DDS GENERATED SF 1034 THAT TIES THE PAYMENT TO THE CLASSIFIED SOURCE
DOCUMENTS.
    D. SCAN THE UNCLASSIFIED DD FORM 281 INTO EDA AS SUPPORTING
DOCUMENTATION FOR THE PAYMENT(S).//

Encl (1)

Attachment 2

# Inspector General
## Department *of* Defense